

MINUTES OF THE CITY OF BURLINGTON
CITY COUNCIL MEETING
November 2, 2010

The City Council of the City of Burlington held a regularly scheduled meeting in the Council Chamber, Municipal Building, 425 South Lexington Avenue, Burlington, N. C., 27216-1358, on November 2, 2010, at 7:00 p.m.

Mayor Ronnie K. Wall presided

Councilmembers Present: Mayor Wall, Councilmembers Huffman,
Butler, Ross and Faucette

Councilmembers absent: None

Harold Owen, City Manager: Present

Robert M. Ward, City Attorney: Present

Jondeen D. Terry, City Clerk: Present

INVOCATION: Councilmember Steve Ross

PROCLAMATION: National Hospice Month

APPROVAL OF MINUTES: October 19, 2010 - City Council Meeting

Upon motion by Councilmember Faucette, seconded by Councilmember Huffman, it was resolved unanimously to approve the minutes of the meeting held on October 19, 2010.

ADD ON: NEW BUSINESS: Recommended Bonus Consideration for City Employees

Upon motion by Councilmember Butler, seconded by Councilmember Huffman, it was resolved unanimously to approve the add-on.

ADOPTION OF AGENDA

Upon motion by Mayor Pro Tem Huffman, seconded by Councilmember Butler, it was resolved unanimously to adopt the agenda with the add-on.

CONSENT AGENDA:

ITEM 1:

- A) To approve a supplemental agreement in the amount of \$473.00 with the North Carolina Department of Transportation due to construction cost overruns. The project was funded with American Recovery and Reinvestment money made available by the Federal Highway Administration.
- B) To set a date of public hearing for November 16, 2010, to adopt the proposed Riparian Buffer Protection Ordinance to improve water quality for B. Everett Jordan Lake.
- C) To adopt ordinances requiring the demolition of buildings located at 734 Power Street and 720 Rauhut Street.

10-24

Ordinance Requiring the Demolition of a House Located at 734 Power Street in the City of Burlington

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BURLINGTON, NC:

Section 1. That the house located at 734 Power Street and owned by Annie Mae Paulin Graves heirs has been found by the Building Inspector to be in such a dilapidated state of disrepair with substandard conditions such as to be dangerous to life, health and other property and constitutes a fire or safety hazard to the residents of the City of Burlington.

Section 2. That the owner of said property has been duly notified after *Complaint and Notice of Hearing* has been duly held by the Building Inspector to demolish and remove the said house above mentioned and the owner has failed to obey such order.

Section 3. That this Council has found and does hereby find that the Building Inspector has complied fully with the provisions of said Chapter 14 of the City of Burlington

Code of Ordinances; and, that after careful review of the findings of the Building Inspector, the Council has found and does hereby find and determine that the house in question is in such a dilapidated and substandard state of disrepair as to constitute a fire or safety hazard and is dangerous to life, health and other property; and, that the owner of said house has failed to have the house demolished and removed; and, that all proceedings of the Building Inspector are hereby incorporated into and made a part of this ordinance by reference.

Section 4. That it is, therefore, ordered that the Building Inspector proceeds with the complete demolition and removal of said house immediately.

Section 5. That the City Tax Collector is hereby directed to place on the City's tax records all costs incurred as a result of the demolition and removal of the house named above and such costs are to be collected in accordance with the applicable laws.

Section 6. That subject to Section 10 hereof, the demolition and removal of said house shall be completed within sixty (60) days from the date hereof.

Section 7. That in the event there shall be any excess funds arising from the salvage and resulting from the demolition and removal of the house mentioned, after paying all costs connected with such demolition and removal, any such balance remaining shall be deposited in the office of the Clerk of Superior Court of Alamance County, NC, by the Building Inspector to be secured in such manner as may be directed by the said court and disbursed by the court to the person or persons found to be entitled thereto by the final order decree of such court.

Section 8. That subject to Section 10, hereof, this ordinance shall constitute a final order or condemnation and demolition and removal of such house.

Section 9. That the contract for demolition will be awarded to the approved bidder subject to the criteria set forth in the City's Request for Proposals Building Demolition form.

Section 10. Said ordinance shall be effective ten (10) days from this date.

10-25

Ordinance Requiring the Demolition of A House Located at 720
Rauhut Street in the City of Burlington

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BURLINGTON,
NC:

Section 1. That the house located at 720 Rauhut Street and owned by John J. Phoenix has been found by the Building Inspector to be in such a dilapidated state of disrepair with substandard conditions such as to be dangerous to life, health and other property and constitutes a fire or safety hazard to the residents of the City of Burlington.

Section 2. That the owner of said property has been duly notified after *Complaint and Notice of Hearing* has been duly held by the Building Inspector to demolish and remove the said house above mentioned and the owner has failed to obey such order.

Section 3. That this Council has found and does hereby find that the Building Inspector has complied fully with the provisions of said Chapter 14 of the City of Burlington Code of Ordinances; and, that after careful review of the findings of the Building Inspector, the Council has found and does hereby find and determine that the house in question is in such a dilapidated and substandard state of disrepair as to constitute a fire or safety hazard and is dangerous to life, health and other property; and, that the owner of said house has failed to have the house demolished and removed; and, that all proceedings of the Building Inspector are hereby incorporated into and made a part of this ordinance by reference.

Section 4. That it is, therefore, ordered that the Building Inspector proceeds with the complete demolition and removal of said house immediately.

Section 5. That the City Tax Collector is hereby directed to place on the City's tax records all costs incurred as a result of the demolition and removal of the house

named above and such costs are to be collected in accordance with the applicable laws.

Section 6. That subject to Section 10 hereof, the demolition and removal of said house shall be completed within sixty (60) days from the date hereof.

Section 7. That in the event there shall be any excess funds arising from the salvage and resulting from the demolition and removal of the house mentioned, after paying all costs connected with such demolition and removal, any such balance remaining shall be deposited in the office of the Clerk of Superior Court of Alamance County, NC, by the Building Inspector to be secured in such manner as may be directed by the said court and disbursed by the court to the person or persons found to be entitled thereto by the final order decree of such court.

Section 8. That subject to Section 10, hereof, this ordinance shall constitute a final order or condemnation and demolition and removal of such house.

Section 9. That the contract for demolition will be awarded to the approved bidder subject to the criteria set forth in the City's Request for Proposals Building Demolition form.

Section 10. Said ordinance shall be effective ten (10) days from this date.

D) Budget Amendment 2011-18 - Fire - Donation from Donald & Ava MacIntyre

BA2011-18

Increase Revenues:

010-33303-5340	Contributions - Fire	\$50
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Increase Expenditures:

010-53534-3300	Departmental Supplies	\$50
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Upon motion by Mayor Pro Tem Huffman, seconded by Councilmember Ross, it was resolved unanimously to approve the foregoing consent agenda.

NEW BUSINESS:

ITEM 2: ADOPT RESOLUTION - REVENUE BONDS

Mayor Wall announced that the City Council would consider adopting a resolution making certain findings and determinations, authorizing the filing of an application with the Local Government Commission to sell bonds at a private sale and authorizing the distribution of a preliminary official statement in connection with the issuance of revenue bonds by the City.

Finance Director Peggy Reece stated this action would do the following three things:

1. Allows staff to file an application with the Local Government Commission (LGC) in order to sell the revenue bonds.
2. Authorize distribution of a preliminary official statement to potential buyers that might be interested in purchasing the bonds.
3. Authorize the LGC to sell the bonds.

City Manager Owen stated this would be the first allocation of two years of issuing bonds of approximately \$17 million each year. He explained that the bonds could not be issued until the City had bids in place.

Ms. Reece said the actual sale of the bonds will be about the middle week of December 2010 provided the LGC board approves it on December 7, 2010.

Utilities Director Bob Patterson said the bids for the South Plant filter project would be opened on November 16, 2010, and that the bids for the work at the dams would be opened November 22, 2010. Mr. Patterson said he anticipated asking Council to award the bids at the Council meeting on December 7, 2010.

Ms. Reece added that the initial sale would probably include refinancing the 2004 Certificate of Participation (COP) so the actual new debt would be approximately \$17 million. She said the total may be closer to \$24-25 million but that would be offset since the City would not be paying the 2004 COPS any more.

City Manager Owen said this would be the City's first endeavor in revenue bonds established by the rate increase in water and sewer to pay for the Jordan Lake improvements.

Councilmember Ross made a motion to adopt a resolution making certain findings and determinations, authorizing the filing of an application with the Local Government Commission to sell bonds at a private sale and authorizing the distribution of a preliminary official statement in connection with the issuance of revenue bonds by the City of Burlington and to authorize the City Clerk to attest five originals of the resolution.

10-23

The City Council of the City of Burlington, North Carolina, held a regular meeting in Council Chambers of the Municipal Building located at 425 South Lexington Avenue in Burlington, North Carolina, the regular place of meeting, at 7:00 p.m. on November 2, 2010.

Present: Mayor Ronnie K. Wall, presiding, and Councilmembers David Huffman, James Butler, Steve Ross and Celo Faucette

Absent: None

Also Present: City Manager Harold Owen, City Attorney Robert Ward, City Clerk Jondeen Terry and Finance Director Peggy Reece

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Councilmember Ross introduced the following resolution the title of which was read and copies of which had been previously distributed to each Council Member:

RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS, AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION, REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT A PRIVATE SALE AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS BY THE CITY

BE IT RESOLVED by the City Council (the “City Council”) of the City of Burlington, North Carolina (the “City”):

Section 1. The City Council does hereby find and determine as follows:

(a) The City, acting by and through the City Council, is authorized by the State and Local Government Revenue Bond Act of North Carolina, Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the “Act”), to issue revenue bonds for the purpose of financing the costs associated with the acquisition, construction, reconstruction, enlargement, equipping, extension, betterment or improvement of water systems and facilities, sewage disposal systems and facilities and electric systems and facilities and to refund revenue bonds issued for such purposes.

(b) The City intends to create a combined enterprise system (the “Combined Enterprise System”) pursuant to a Trust Agreement, to be dated as of December 1, 2010 (the “Trust Agreement”), between the City and U.S. Bank National Association, as trustee (the “Trustee”), consisting of the City’s water system and sanitary sewer system. The Trust Agreement will provide for the issuance of Combined Enterprise System Revenue Bonds thereunder, to be secured by the net receipts of the Combined Enterprise System as set forth therein, to finance improvements to the Combined Enterprise System and to refund bonds previously issued pursuant to the Trust Agreement.

(c) In order to better serve and provide for the future needs of the residents of the City and its environs, the City will acquire, construct and equip certain improvements to the City’s water system and sanitary sewer system, including, without limitation, (i) construction and installation of upgrades to the filtration system at the South Burlington Wastewater Treatment Plant and (ii) repair, renovation and restoration work at the Lake Cammack and Stony Creek Dams, including, but not limited to, engineering fees related thereto (collectively, the “Series 2010 Project”).

(d) The Series 2010 Project is necessary to secure adequate and reliable water and sewer service and to promote the present and future welfare of the residents of the City and its environs.

(e) The Burlington Public Facilities Financing Corporation (the “Corporation”) has previously executed and delivered its \$14,865,000 Certificates of Participation (Water and Sewer System Project), Series 2004 (the “Series 2004 Certificates”) and advanced the proceeds thereof to the City pursuant to an Installment Financing Agreement, dated as of April 1, 2004 (the “Prior Agreement”), between the City and the Corporation, for the purpose of providing funds to the City for the acquisition, construction and equipping of certain improvements to water and sanitary sewer system and the acquisition of various vehicles and other equipment.

(f) The City desires to refinance its installment payment obligations with respect to the Prior Agreement by refunding all of the outstanding Series 2004 Certificates thereby causing all of the collateral securing the Prior Agreement to be released.

(g) The City wishes to commence procedures for the issuance of revenue bonds at this time for the purpose of providing funds, together with any other available funds, to (i) pay the costs of the Series 2010 Project, (ii) refund all of the outstanding Series 2004 Certificates and (iii) pay certain other costs associated with the issuance and sale of such revenue bonds.

(h) The amount of the proposed revenue bonds will be sufficient, but not excessive, for the purpose of paying the costs associated with the Series 2010 Project and the proposed refunding of the Series 2004 Certificates.

(i) The proposed Series 2010 Project is feasible.

(j) The annual audits of the City show the City to be in strict compliance with debt management policies, and the budgetary and fiscal management policies of the City are in compliance with law.

(k) The proposed revenue bonds can be marketed at a reasonable interest cost to the City.

(l) The projected rate increases for water and sewer service in connection with the issuance of the proposed revenue bonds will be reasonable.

Section 2. The City Manager and the Director of Finance and Risk Management of the City are hereby authorized and directed to file an application with the Local Government Commission for approval of the issuance of revenue bonds for the purpose of providing funds, together with any other available funds, to (a) pay the costs of the Series 2010 Project, (b) refund all of the outstanding Series 2004 Certificates and (c) pay certain other costs associated with the issuance and sale of such revenue bonds. Any such action heretofore taken in connection with the filing of such application is hereby ratified and approved.

Section 3. The Local Government Commission is hereby requested to sell the proposed revenue bonds at a private sale without advertisement.

Section 4. The Preliminary Official Statement relating to the offering for sale of the proposed revenue bonds in substantially the form presented at this meeting is hereby approved. The City Council hereby authorizes and approves the use and distribution of the Preliminary Official Statement in substantially the form presented at this meeting in connection with the offering for sale of the proposed revenue bonds by Wells Fargo Bank, N.A. and BB&T Capital Markets, a division of Scott & Stringfellow, LLC, as the underwriters.

Section 5. This resolution shall take effect immediately upon its passage.

Upon motion of Councilmember Ross, seconded by Councilmember Faucette, the foregoing resolution entitled

“RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS, AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION, REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT A PRIVATE SALE AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS BY THE CITY” was passed by the following vote:

Ayes: Wall, Huffman, Butler, Ross and Faucette

Noes: None

ITEM 3: RECOMMENDED BONUS CONSIDERATION FOR CITY EMPLOYEES

Mayor Wall announced that the City Council would consider a bonus for City employees.

City Manager Owen stated that during the 2010-11 budget process, no raises were authorized for staff members with the exception of sworn police officers. He explained that at that time it was discussed that staff would review this situation based on the final financial figures for the 2009-10 year. He stated that after reviewing those numbers it appeared that as a result of stable revenue collections and efficiency realized on the expenditure side of operations, Council would be in a position to discuss some form or method of compensation adjustment. Mr. Owen gave full credit to staff for making it work in terms of efficiencies. He stated there were significant efforts of working between departments and that were savings realized that had not been seen in the past.

Mr. Owen stated that the last staff-wide salary adjustment was implemented in July 2008. He stated the City still faced issues and that the fiscal crisis at the state level was a concern for year 2011-2012. He pointed out that the governor is projecting a \$3.6 million deficit for the upcoming fiscal year and that it was unknown what impact that will have on local government. Mr. Owen recommended instead of a percentage increase that would impact the upcoming year that Council consider authorizing a onetime \$500 net bonus pay-out to all full-time employees whose latest job rating was satisfactory; regularly scheduled minimum 20-hour per week part-time staff (not seasonal), a onetime \$200 net pay-out; appointed employees - City Manager and City Attorney - would not be included in this recommendation. Mr. Owen stated the money for these funds had been restricted earlier during the budget process. He said the general fund cost would be \$279,000, and in the water and sewer fund, cost would be \$74,000.

Mayor Wall asked about working between departments to earn savings, and City Manager Owen replied that there had been savings because of work done by the Information Technology Department and that savings were realized in Utilities that were not projected. He stated Parks and Recreation reflected about a six percent savings in its operation.

Mr. Owen thanked the Council and said it was done without shortchanging the citizens in terms of long-term capital expenditures. He said an investment had been made in infrastructure in streets. He explained that staff was in a position to take advantage of opportunities to make capital improvements at a reduced rate that would benefit citizens for years to come. He stated that revenue projections were stable because citizens had stepped up in terms of payments. Mr. Owen pointed out that Burlington and Alamance County have not seen a significant downturn in the valuation of property. He stated that even though it is a tough financial time, Burlington's operations have weathered the storm. Mr. Owen stressed that this effort would certainly be appreciated and deserved by staff and that it was something the City could afford at this time.

Mayor Wall said the staff worked extremely hard and he appreciated the job it does and he wished that Council could do more. He stated that better days were ahead. He commended and thanked Mr. Owen and Mr. Ward and staff for helping the City to get through these difficult times.

Mr. Tomas Murawski, Alamance News, stated he had nothing against a pay raise for the staff, that he certainly didn't begrudge a \$500 increase in anybody's salary. He stated that it sounded like a very prudent plan but for it to come up as an add-on item on the agenda for a meeting that took place on the night of an election that everybody was eager to get home and watch the results come in. He stated that he thought it might be a good idea to postpone a decision on this until the next meeting. He said it was just a suggestion but he would urge the Council to give this matter some more public consideration not just the idea of whether staff should get a pay raise and what kind of pay raise would be most appropriate and warrant some more consideration.

Councilmember Butler said it was prudent to acknowledge that we have staff in positions where we have moved people around to fill gaps and fill holes as opposed to going out and hiring new people. Mr. Butler thanked Mr. Murawski for his comments. Councilmember Butler said the salary situation was looked at by Council six months ago so it knows from a salary standpoint the burden that one percent or two percent salary raises impose upon the City's general fund and water and sewer fund enterprise fund. He stated that Council was educated on that subject. He stated that it was no big secret, that Council had said publicly that it would look at the situation in November or December. He pointed out that the latest sale

tax figures were not only stable but healthy. He stated this was probably why Mr. Owen brought it before us at this and from what he had witnessed, the City we had been very fortunate. He thanked Mr. Murawski again for his comments but reiterated that the timing is the way it should be.

Mayor Pro Tem Huffman pointed out that citizens of this town have not had a reduction of service. He said staff, under the leadership of Mr. Owen, has been able to continue with the same level of service all the way across the board by making efficiency cuts and basically cross-training people, especially in the Inspections, Police and Planning Departments. He said the \$500 seemed somewhat meager in light of the fact that both of the last two fiscal years that most other local governments in Alamance County actually gave a cost-of-living increase. He pointed out that this was not a cost-of-living adjustment and that it was not being built into the base salary and that it does not carry over into the next fiscal year. He pointed out that the City could afford this and that it was indicated last fiscal year that we would look at it and it is the proper thing to do.

Councilmember Ross said that at budget time it was not known how the revenues would go; therefore, Council did not approve a salary increase for employees. He said that bothered him but as the revenue picture unfolded, that sales tax figures that had just come in were much better than expected; in addition to cost-cutting measures, the door had been left open at budget time and that Council found itself in a position to entertain some kind of salary increase or adjustment for employees. He said that was certainly what had unfolded. He stated he had never seen a more dedicated group of people and that it was timely and something that should be done.

Councilmember Faucette said it was for a group of people that have done an outstanding job. He said it was a small reward and that Council should be able to give it to employees. He said this was Council's appreciation for a job well done.

Mr. Owen said the City is often criticized but that it has to reward the higher paid employees because the services they provide are very valuable. He said this effort will reward the lowest paid to the highest paid in the organization. Mr. Owen said he was confident that staff will appreciate it and that, hopefully, staff will invest this money back into the community during the Christmas season.

PUBLIC COMMENT PERIOD

There were no public comments.

CITY COUNCIL COMMENTS:

MAYOR WALL:

- January 27, 2011, City Council Retreat - 8:30 a.m. - Kernodle Senior Center
- November 3, 2010 - Ribbon Cutting - Exercise Equipment - North Park - 12:00 p.m.
- November 17 and 18, 2010 - Chamber Retreat - Wrightsville Beach
- November 20, 2010 - Burlington Christmas Parade - 10:00 a.m.
- November 5, 2010 - Ribbon Cutting - Tangier Outlets, Mebane - 12:00 p.m.
- November 14, 2010- Company Shops Market - 2:00 - 6:00 p.m. - Ground breaking at 4:00 p.m.

ADJOURN:

Upon motion by Councilmember Butler, seconded by Mayor Pro Tem Huffman, it was resolved unanimously to adjourn.

Jondeen D. Terry
City Clerk